



New York Metro Region Operations Unit - 1210
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To: All Managers

From: Rory J. O'Rourke

Region Operations Manager

Subject: NO CAR STOCK PROGRAM

Comments:

Attached is the contents of a letter from AVP Dave Wilmesher regarding the implementation of NO CAR STOCK beginning April 1, 1995. We will need to develop an action plan on HOW to implement this new national policy. Please prepare your recommendations for a meeting on this policy change:

All New Jersey based managers	-	Tuesday, February 21st
All New York based managers	-	Wednesday, February 22nd

The meetings will take place in the Region office and will start at 9:00 AM.
Dress will be casual.

This letter is being mailed to each individual in addition to being faxed to each office.

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RJ REYNOLDS

Tobacco Company

Subject: ELIMINATION OF CAR STOCK FROM SALES REPS VEHICLES

In our ongoing effort to improve the effectiveness, as well as the efficiency, in the way we conduct our business, the decision has been made to eliminate car stock from sales reps vehicles. We have determined, through feedback from many of you, that our reps are performing certain activities which may be relatively low in value from a business standpoint; and that many of these "low value" activities (i.e., cash sale/exchange from car stock, purchase car stock, handle returns, etc.) are directly related to our reps carrying stock on their vehicle.

Whereas I realize this change will be a departure, for many of our people, from the way we have conducted our business in the past, it must be understood that carrying car stock is the "old way" of doing business. It tends to be a short-term fix to issues that need long-range solutions. Our objective is to be more productive; we must constantly focus on the 3P's in order to grow our business. Spending time on activities associated with carrying car stock dilutes our focus.

I realize that making this change is going to cause us, in many cases, to completely re-think the way we do business (e.g., delivery of promotions, new brand introductions, returning damaged/out-of-date product to wholesale). I am asking each of you to work with your management team to identify potential obstacles associated with eliminating car stock and develop solutions to them. Sharing ideas and best practices in dealing with this issue will be vital to a smooth transition. Please communicate to me, or directly to other regions, any ideas you develop.

We must realize that we are not the first company to begin to eliminate car stock. Philip Morris has been working toward this for at least 1-2 years (see attached letter). Additionally, we have tested the elimination of car stock in our Buffalo Region. In dealing with this, we gained some learning experience relative to what actions we must take.

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Listed below are some steps that we will need to consider in implementing this procedure:

- Notify our people and give them as much lead-time as possible in order for them to begin reducing car stock.
- Contact wholesalers for purposes of notifying them that effective April 1, 1995, our reps will no longer be carrying car stock.
- Contact direct chains to notify them that effective April 1, 1995, reps will no longer be able to exchange damaged/out-of-date product from their stores. A system will need to be worked out to have product returned to their warehouse.
- In areas where we have not yet gotten VAP as the preferred delivery method for promotions, we will need to make a concerted effort to ensure wholesalers deliver our promotions/products.

These are just some of the things we will need to consider and work on over the next six weeks in order to make the elimination of car stock as smooth as possible.

Remember, our objective is to eliminate all car stock from reps vehicles.

I look forward to seeing progress as we move through this process.

Sincerely,

Dave

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